



Carla Pasternak's

Dividend Opportunities

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How to Buy 43 "Off Limits" Chinese Dividend Stocks

-- By Carla Pasternak

99.6% of the market capitalization of stocks listed on China's Shanghai Composite Index is off limits to investors like you and me. But I've found a small loophole that allows us to buy into 43 of the steadiest dividend payers in China.

With a pullback in Chinese stocks looking stronger by the day, you could use this little-known trick to lock in high yields from the Shanghai market. (*Full Story Below*)

Also in Today's Issue...

Capture 14% Yields and Total Returns up to +185.6%

On the last trading day of 2009, 94% of the picks in this high-yielding portfolio were up. Most of them have returned more than +10%, and several have returned +100% or more. But the best part is that these picks carry stable yields of up to 14.3%!

[Go here to see for yourself.](#)

Turn a \$200 investment into \$1 Million

There's a reason penny stocks have been Wall Street's favorite hidden investment for years now: they give the best shot at winning it big.

[Click Here to get in on these Hidden Investments!](#)

How to Buy 43 "Off Limits" Chinese Dividend Stocks

Chinese stocks have soared this year on the wave of upbeat news coming out of the country, which has also boosted the benchmark Shanghai Composite Index by +48.3% since the start of the year. That's more than three times the +15% rise for the S&P 500.

After such a huge run up, the index may be ready for a breather. And a short-term pullback may provide just the entry opportunity long-term income investors have been waiting for.

But there's one not-so-small problem...

Foreign investors like you and me can't invest in most of the companies listed on either of mainland China's two main stock exchanges -- the Shanghai or the Shenzhen. Only domestic Chinese investors and some select foreign institutions can.

However, there is a loophole whereby foreign investors can access the normally "off limits" market and 43 of its most steady dividend payers.

Income Notes

Two dozen S&P 500 members yield 6% or more, about one in 20 companies listed on the market's benchmark.

-- Research Staff

According to Federal Reserve Chairman Ben Bernanke, the worst U.S. recession has probably ended, although he warned that unemployment may persist due to slow growth.

"Even though from a technical perspective the recession is very likely over at this point, it's still going to feel like a very weak economy for some time," Bernanke said.

-- Bloomberg

One Stock a Month is All You'll Ever Need

For the entire 2009 calendar year 100% of Amy Calistri's *Stock of the Month* picks have been winners. ALL of her picks are up -- as much as +58.4% in just a few months. And her subscribers are making money hand over fist alongside her. One has made \$10,272... another is up \$46,002.

[Click here to get her latest pick.](#)

"H" Shares for Mainland China Dividend Payers

The key to capturing yields from China lies with an island only one-third the size of Rhode Island: Hong Kong. Unlike the Shanghai and Shenzhen, the Hong Kong Exchange is open to foreigners. Moreover, a class of so-called "H" shares that trade on this exchange give foreign and U.S. investors access to mainland Chinese companies.

"H" shares are shares of a company incorporated in the Chinese mainland but listed on the Hong Kong Exchange. Many of these companies also trade as "A" shares on Shanghai or Shenzhen, which are off limits to foreigners, so the "H" shares are one way you can play the mainland.

If steady income is what you're after, some of these "H" shares are likely your cup of tea. The Hang Seng China Enterprises Index, or H-Share Index, includes some of mainland China's biggest banks, oil companies, and telecom providers that churn out steady cash flow and dividend payouts. These names include Industrial and Commercial Bank of China, PetroChina, and China Life Insurance -- about 43 companies in all.

The One Bank You Don't Want to Ignore



The government says it's so healthy it should be able to survive two more years of bad economic conditions *without* a penny of new capital. While other banks are struggling to stay afloat, this one is boosting its earnings and delivering solid returns to investors.

[Get more details...](#)

Like all shares that trade on the Hong Kong Exchange, "H" shares trade in Hong Kong dollars. You can trade "H" shares directly on the Hong Kong exchange if you open an international account with a broker with an international desk. Interactive Brokers and E-Trade are two brokers that offer international trading desks for easy access to Hong Kong markets.

How to Invest Directly in China Without an International Account

Some of these 43 companies also trade as [American depository receipts \(ADRs\)](#) on the Big Board.

But if you limit yourself to a major U.S. stock exchange, you'll miss out on some of the leading players in China's growth story -- companies like Industrial and Commercial Bank of China (ICBC) (Hong Kong: 1398), one of the world's largest banks by market cap.

Conversely, there are a number of U.S.-traded funds that buy the "H" shares directly, so you get the best of both worlds. I brought one of these funds to the attention of my *High-Yield International* readers last month when it yielded 11.9%. (*I understand many investors have some apprehension about buying stocks on foreign exchanges, so whenever possible I do my best to offer international high-yield ideas that also trade in the U.S.*)

So while the companies may offer strong cash flow and steady dividends, you have to pick shares at opportune times to capture high yields.

After the massive Chinese market rise, a near-term pullback is just the chance long-term investors have been waiting for to lock in this and a dozen more high-yielding China plays we showcase in *High-Yield International*.

Good investing!

Carla Pasternak's Dividend Opportunities

Breaking News

[After the Worst Bear Market in Years, Every One of My Holdings Is... Up?](#)

I don't have a crystal ball, and I can't predict the day-to-day moves of the market. Even so, I've managed to come out of the bear market with every one of my High-Yield Investing holdings showing positive returns.

[Read On...](#)

[The Three Best-Covered High-Yields in the S&P](#)

These three high-yielding companies don't just pay a big dividend, they pay an extremely safe big dividend.

[Read On...](#)

[Three Obvious Things No One Realizes About the Market](#)

Sometimes even the smartest, most successful investors have all the signs right under their noses and still manage to get it dead wrong. Here are three patently obvious things the market is telling us right now that investors can use to their benefit.

[Read On...](#)

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